

such violation, and the license of any such licensed vehicle or driver may, in the discretion of the Court, be cancelled.

LAWS REPEALED.

Section 104. The following laws are hereby repealed:

Sections 1 to 4, both inclusive, of Chapter 55 of the Penal Code; an Act approved January 10, 1865; Chapter 14 of the Laws of 1870; Chapter 5 of the Laws of 1876; Chapter 6 of the Laws of 1878; all relating to the sale of Awa.

Sections 22 and 23 of Chapter 55 of the Penal Code; Sections 61 to 71, both inclusive, of the Civil Code; Chapter 26 of the Laws of 1876; Chapter 25 of the Laws of 1882; Chapter 38 of the Laws of 1890; all relating to auctioneers and auction licenses.

Act 27 of the Laws of 1895, relating to the importation and sale of alcohol.

Chapter 12 of the Laws of 1876, relating to banking licenses.

Sections 28 and 29 of Chapter 55 of the Penal Code, Sections 78 to 82, both inclusive, of the Civil Code, all relating to billiards and bowling alleys.

Section 14 of Act 21 of the Provisional Government, entitled, "An Act to Prohibit Gambling and Gaming."

Sections 30 to 34, both inclusive, of Chapter 55 of the Penal Code; Sections 101 to 109, both inclusive, of the Civil Code; Chapter 14 of the Laws of 1886, Chapter 20 of the Laws of 1890, Act 20 of the Provisional Government; all relating to boats and boatmen.

Sections 92 to 95, both inclusive, of the Civil Code; an Act approved June 22, 1868; Chapter 30 of the Laws of 1874; Chapter 17 of the Laws of 1876; Chapter 11 of the Laws of 1882; Chapter 28 of the Laws of 1888; Sections 54 to 58, both inclusive, of Chapter 55 of the Penal Code, all relating to the slaughter and sale of beef.

Chapter 15 of the Laws of 1880, relating to the sale of pork.

Chapter 55 of the Laws of 1888; Chapter 33 of the Laws of 1890; both relating to commercial travelers.

Chapter 61 of the Laws of 1886, relating to licenses for carrying fire-arms.

Sections 35 to 41, both inclusive, of Chapter 55 of the Penal Code; Sections 110 to 117, both inclusive, of the Civil Code; an Act approved January 10, 1865; all relating to the letting of horses.

Chapter 20 of the Laws of 1880, relating to livery stables.

Sections 72 to 77, both inclusive, of the Civil Code; Sections 25 to 27, both inclusive, of Chapter 55 of the Penal Code; Chapter 21 of the Laws of 1890; all relating to hotels and victualing houses.

Chapter 37 of the Laws of 1890, relating to lodging and tenement houses.

Sections 19 to 21, both inclusive, of Chapter 55 of the Penal Code; Chapter 70 of the Laws of 1892, all relating to the sale of goods, wares and merchandise.

Chapter 27 of the Laws of 1882, relating to dairies and the sale and inspection of milk.

Chapter 19 of the Laws of 1874; Chapter 29 of the Laws of 1890; both relating to cake peddling.

Chapter 25 of the Laws of 1880, relating to the importation and sale of poisonous drugs.

Sections 6 to 10, both inclusive, of Chapter 55 of the Penal Code; Sections 96 to 100, both inclusive, of the Civil Code; an Act approved December 30, 1864; Chapter 19 of the Laws of 1870; all relating to public shows.

Sections 11 to 13, both inclusive, of Chapter 55 of the Penal Code; Chapter 13 of the Laws of 1882; all relating to dance houses.

Chapter 26 of the Laws of 1880; Chapter 15 of the Laws of 1890; both relating to the sale of salmon.

Chapter 27 of the Laws of 1878; Chapter 22 of the Laws of 1880; Chapter 32 of the Laws of 1882; Chapter 96 of the Laws of 1892-3; all relating to the licensing of vehicles and drivers.

TIME OF TAKING EFFECT.

Section 105. This Act shall become law and take effect thirty days after the date of its publication.

Approved this 12th day of June, A. D. 1896.

SANFORD B. DOLE.

President of the Republic of Hawaii.

ACT 65.

AN ACT

TO PROVIDE REVENUE FOR THE GOVERNMENT BY THE ASSESSMENT AND COLLECTION OF TAX ON INCOME.

Be it enacted by the Legislature of the Republic of Hawaii:

Section 1. From and after the first day of July, A. D. 1897, there shall be levied, assessed, collected and paid annually upon the gains, profits and income derived by every person residing in the Republic, and by every person residing without the Republic, from all property owned, and every business, trade, profession, employment or vocation carried on in the Republic, and by every servant or officer of the Republic, wherever residing, a tax of one per cent. on the amount so derived; provided, that where the gains, profits or income

of any such person who resides within the Republic, or of any servant or officer of the Republic wherever residing, shall not have exceeded the sum of Four Thousand Dollars for the preceding twelve months, only so much of such gains, profits or income as exceeds the sum of Two Thousand Dollars, shall be assessed by the Assessors and Collectors for the time being for the several Tax Divisions of the Republic, and collected and paid upon the gains, profits and income for the year ending the 30th day of June next preceding the time for levying, assessing, collecting and paying the said tax.

Section 2. There shall be levied, assessed, collected and paid, except as herein otherwise provided, a tax of one per cent. annually on the net profits or income above actual operating and business expenses from all property owned, and every business, trade, employment or vocation carried on in the Republic, of all corporations doing business for profit in the Republic of Hawaii, no matter how or where created and organized; provided, however, that nothing herein contained shall apply to corporations, companies or associations organized and conducted solely for charitable, religious, educational or scientific purposes, including fraternal beneficiary societies, orders or associations operating upon the lodge system and providing for the payment of life, sick, accident or other benefits to the members of such societies, orders or associations, and dependents of such members, nor to insurance companies taxed on a percentage of the premiums under the authority of any other Act; nor to the stocks, shares, funds, real and personal property, or securities held by any fiduciary or trustee for charitable, religious, educational or scientific purposes.

Section 3. In estimating the gains, profits and income of any person or corporation, there shall be included all income derived from interest upon notes, bonds and other securities, except such bonds of the Republic of Hawaii, the principal and interest of which are by the law of their issuance exempt from all taxation; profits realized within the year from sales of real estate, including leaseholds for any term purchased within two years previous to the close of the year for which income is estimated; dividends upon the stock of any corporation; interest received or accrued upon all notes, bonds, mortgages, or other forms of indebtedness bearing interest, whether paid or not, if good and collectable, less the interest which has become due from said person or corporation, or which has been paid by him or it during the year; the amount of all premiums on bonds, notes or coupons; the amount of sales of all movable property less the amount expended in the purchase or production of the same, and in the case of a person, not including any part thereof consumed directly by him or his family; money and the value of all personal property acquired by gift or inheritance, and all other gains, profits and income derived from any source whatever.

The net profits or income of all corporations shall include the amounts paid or payable to, or distributed or distributable among shareholders from any fund or account, or carried to the account of any fund or used for constructions, enlargements of plant, or any other expenditure or investment paid from the net annual profits made or acquired by said corporation.

In computing incomes, the necessary expenses actually incurred in carrying on any business, trade, profession or occupation, or in managing any property, shall be deducted, and also all interest due or paid within the year by such person or corporation on existing indebtedness. And all Government taxes and license fees paid within the year shall be deducted from the gains, profits or income of the person who, or the corporation which, has actually paid the same, whether such person or corporation be owner, tenant or mortgagor; also, losses actually sustained during the year incurred in trade or arising from fires, storms or shipwreck, and not compensated for by insurance or otherwise, and debts ascertained to be worthless.

Provided, that no deduction shall be made for any amount paid out for new buildings, permanent improvements, or betterments made to increase the value of any property or estate.

Provided, further, that where allowable herein only one deduction of two thousand dollars shall be made from the aggregate income of all the members of any family, composed of one or both parents, and one or more minor children, or husband and wife; that guardians shall be allowed to make a deduction in favor of each and every ward, except that in case where two or more wards are comprised in one family, and have joint property interest, the aggregate deduction in their favor shall not exceed two thousand dollars.

And provided, further, that in case where the salary or other compensation paid to any person shall not exceed the rate of two thousand dollars per annum, or shall be by fees, or uncertain or irregular in the amount or in the time during which the same shall have accrued or been earned, such salary or other compensation shall be included in estimating the annual gains, profits or income of the person to whom the same shall have been paid.

Provided, also, that in assessing the income of any person or corporation, there shall not be included the amount received from any corporation as dividends upon the stock of such corporation if the tax of one per cent. has been paid upon its net profits by said corporation as required by this Act, nor any gift or inheritance otherwise taxed as such.

Section 4. Every corporation doing business for profit in the Republic shall make and render to the Assessor of its Tax Division, between the first and thirty-first days of August in every year, beginning with the year Eighteen Hundred and Ninety-Seven, a full return, verified by oath or affirmation, in such form as the Minister of Finance may prescribe, of all the following matters for the whole twelve months ending June 30th last preceding the date of such return.

First. The gross receipts of such corporation from sales made at home and abroad, and from all kinds of business of every name and nature.

Second. The expenses of such corporation exclusive of interest, annuities and dividends.

Third. The net profits of such corporation without allowance for interest, annuities and dividends.

Fourth. The amount paid on account of interest, annuities and dividends stated separately.

Fifth. The amount paid in salaries of more than six hundred dollars to each person employed, and the name and address of each of such persons, and the amount paid to each.

Section 5. It shall be the duty of all persons of lawful age having an income of more than fifteen hundred dollars for the taxable year from all sources, computed on the basis herein prescribed, and of all corporations made liable to income tax, to make and render a list or return, between the first and thirty-first days of August in each year, in such form and manner as may be directed by the Minister of Finance, to the Assessor of the Division in which such persons or corporation reside, locate or does business of the amount of their or its income, gains and profits as aforesaid; and all guardians, trustees, executors, administrators, agents, receivers, and all persons or corporations acting in any fiduciary capacity, shall make and render a list or return as aforesaid, to the Assessor of the Division in which such person or corporation acting in a fiduciary capacity reside or does business, of the amount of income, gains and profits of any minor or person for whom they act, but persons having an income of fifteen hundred dollars or of a less amount are not required to make such report; and the Assessor shall require every list or return to be verified by the oath or affirmation of the party or of the President, Vice-President or Manager of the corporation, or in the case of foreign corporations, of the Resident Manager or Agent of the corporation rendering it. And if any person or the President, Vice-President or Manager of any corporation, or in the case of foreign corporation, the Resident Manager or Agent shall refuse or neglect to render such return within the time required as aforesaid, or whenever any person or corporation who is required to deliver such return of income fails to do so at the time required, or delivers any return which, in the opinion of the Assessor, is false or fraudulent, or contains any understatement, it shall be lawful for the Assessor to summon such person, President, Vice-President, Manager, Resident Manager or Agent of or any person having possession, custody or care of books of account containing entries relating to the business of such person or corporation, or any other person he may deem proper, wherever residing or found, to appear before him and produce such books, at a time and place named in the summons, and to give testimony or answer interrogation under oath, respecting any objects liable to tax or the returns thereof.

Section 6. It shall be the duty of every corporation doing business for profit to keep full, regular and accurate books of account upon which all its transactions shall be entered from day to day in regular order, and whenever the Assessor of the Division in which any corporation is assessable shall believe that a true and correct return of the income of such corporation has not been made, he shall make an affidavit of such belief and of the grounds on which it is founded, and if said Minister shall, on examination thereof, conclude there are good grounds for such belief, he shall issue a request in writing to such corporation to permit an inspection of the books of such corporation to be made; and if such corporation shall refuse to comply with such request, then the Assessor of the Division shall make, from such information as he can obtain, an estimate of the amount of such income, and then add one hundred per cent. thereto, which said assessment so made shall then be the lawful assessment of such income, and shall not be subject to appeal.

Section 7. When any person or corporation having a taxable income refuses or neglects to render any return or list of income required by law, or renders an understated, false or fraudulent return or list, the Assessor shall make, according to the best information which he can obtain, and on his own view and information, such return, according to the form prescribed, of the income liable to tax possessed by such person or corporation, and the said Assessor shall assess the income, and in case of any return of a false or fraudulent list or valuation, he shall add 200 per cent. to such tax; and in case of a refusal or neglect to make a list or return, or to verify the same as aforesaid, he shall add one hundred per cent. to such tax. The amount so added to the tax shall be collected at the same time and in the same manner as the tax, unless the neglect or falsity is discovered after the tax has been paid, in which case the amount so added shall be collected in the same manner as the tax, and the return so made and subscribed by such Assessor shall be held prima facie good and sufficient for all legal purposes.

Provided, that except in the case of a corporation refusing to permit an inspection of its books, no person failing to make return shall be assessed, nor shall the amount of any list or